

VII. FUNDING

SOURCES OF FUNDING

Federal

Clean Water Act of 1987, Section 319: Congress appropriated the first section 319 grant funds in Fiscal Year 1990. Although the Clean Water Act (CWA) authorized \$400 million nationwide for a four-year NPS program, that authorization has expired. Congress has, however, continued to appropriate funds. Recent appropriations have been approximately \$100 million nationally. Pursuant to the Clean Water Action Plan, Congress appropriated an additional \$100 million nationally for fiscal years 1999 and 2000. In fiscal year 2001, a total of \$235 million was appropriated. In each of these three years, \$100 million was designated as “incremental” funding and was directed for use on projects that result in restoration of priority watersheds identified in the Unified Watershed Assessment. Guidance for fiscal year 2002 indicates that that requirement may be further modified to allow expenditure of these funds only for the development of implementation of Total Maximum Daily Loads. For fiscal years 2001 and 2002, Missouri received just over \$3 million in base funds and just over \$2.3 million in incremental funding. Until Congress reauthorizes the Clean Water Act, or significantly changes trends in appropriation, the base funding amount will remain a planning target.

The Act requires at least a 40 percent non-federal match for NPS grants. Activities identified by the Act for BMP implementation include nonregulatory or regulatory programs for enforcement, education, training, technology transfer, and technical and financial assistance.

Clean Water Act of 1987, Section 104(b): Section 104(b) grants may be used for regulatory or non-regulatory activities and require a nonfederal match of 5 percent. Availability is very erratic. This source will not be used in a planning target.

Clean Water Act Section 603 (c)(2), State Revolving Loan Funds: The CWA established a state revolving loan fund which may be used for water pollution control activities, including implementation of state NPS management programs. To be eligible, states must submit an “Intended Use Plan” and identify the types of NPS implementation activities that will be eligible. States have considerable flexibility in establishing policies such as interest rates and repayment periods for administering their revolving funds.

Thus far the State Revolving Fund (SRF) program has provided low interest loans to producers for the construction of animal waste treatment facilities. Beginning in FY 2002, the program will provide funding for groundwater protection by funding deep water well construction located in designated areas of Jasper and Newton counties. The program is continuing to explore new and expanded uses of the fund for NPS projects. These uses include such things as fencing to provide stream protection, construction of grassed waterways, diversions, filter strips, septic tank repair or replacement, etc. The FY 1998 Intended Use Plan designated \$10,000,000 for NPS projects. The FY 2002 Intended Use Plan designated \$20,200,000 for NPS projects.

Clean Water Act Section 314, Clean Lakes Program: This federal grant program was established in 1972 to provide financial and technical assistance to States in restoring publicly-owned lakes. Program activities were directed to diagnose the condition of individual lakes and their

watersheds, determine the extent and sources of pollution, develop lake restoration and protection plans, and implement these plans. The program was expanded to include Statewide assessments of lakes conditions. There have been no appropriations for the program since 1994 and states have been encouraged to use Section 319 funds to fund eligible activities that might have been funded in previous years under Section 314 (Appendix L). This source will not be used in a planning target.

Safe Drinking Water Act of 1996 (SDWA): The SDWA provides funding for a drinking water revolving fund for low interest loans to public water systems for capital improvements (planning, design and construction of water plants, tanks, lines, etc.) After the source water protection program established by the Safe Drinking Water Act is implemented, the state may use up to ten percent of its annual allotment for source water protection activities.

Transportation Equity Act for the 21st Century (TEA-21) (1998): The TEA-21 authorizes over \$200 billion to improve the nation's transportation infrastructure, enhance economic growth and protect the environment. TEA-21 creates new opportunities to improve air and water quality, restore wetlands and natural habitats, and rejuvenate urban areas through transportation redevelopment, increased transit, and sustainable alternatives to urban sprawl. Among other things, TEA-21 includes provisions that target the nation's leading cause of water pollution - NPS runoff.

In TEA-21, 10% of Surface Transportation Program (STP) funds (\$3.3 billion over six years) are set-aside for transportation enhancements (TEs). A wide array of environmental and water quality improvement projects are eligible for TE funding, including pollution abatement and mitigation projects. TEA-21 also provides that up to 20% of the cost of a transportation facility reconstruction, rehabilitation, resurfacing or restoration project under STP may be used for environmental mitigation, pollution abatement or construction of storm water treatment systems. This equates to \$6.7 billion in potential STP funding over six years. In addition, states may use STP and National Highway System (NHS) funds for wetlands projects designed to offset impacts from past transportation projects. Depending on specific program requirements, both TE and restoration projects are cost-shared between Federal and Non-Federal sponsors, with an 80% Federal share.

State

Special Area Land Treatment Program: The Special Area Land Treatment (SALT) Program, funded by half the proceeds of a one-tenth of a percent Parks and Soils sales tax in Missouri, allows Soil and Water Conservation Districts to target watershed areas to improve, protect and maintain the water quality of Missouri using a watershed based approach. The SALT program offers technical assistance, financial assistance and project grants in designated watersheds to encourage resource conservation and adoption of best management practices to accomplish project goals.

Practices used include traditional soil conservation practices, integrated crop management, filter strip establishment, riparian corridor management, animal waste management systems and other specially approved project practices. It is estimated an average of \$10 million per year will be available through 2008 to support approximately 120 agricultural SALT projects.

Sources of Funding (In millions)					
	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>
Section 319(h) & (I)					
<i>Base</i>	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0
<i>Incremental</i>	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3
Section 104(b)	----	----	----	----	----
CWA SRF	\$10	\$10	\$10	\$10	\$10
SDWA SRF	\$1.24	\$1.24	\$1.24	\$1.24	\$1.24
TEA-21	\$645.8*	*a percentage of this can be used for WQ/environment			
SALT Program	\$6.8	\$6.8	\$6.8	\$6.8	\$6.8

Maintenance of Effort

The Water Quality Act required the state to maintain its funding for NPS management at or above the average of its NPS management funding for FY 1986 and FY 1987. There were no state funded NPS activities during that period; therefore, Missouri's "Maintenance of Effort" level is zero dollars. State water pollution control and land reclamation expenditures were federal dollars. Soil and water conservation efforts, while state supported, were directed entirely to soil erosion control and prevention.

Realizing that a "Maintenance of Effort" level of zero dollars is unacceptable, this issue is addressed in the NPSMP goals and objectives. Goal C, Objective 5 of the NPSMP is to maintain funding of NPS activities at or above 1999 levels.

